



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
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ELAINE A. McREYNOLDS
COMMISSIONER

B U L L E T I N

TO: ALL COMPANIES

FROM: COMMISSIONER ELAINE McREYNOLDS *EAM*
DEPARTMENT OF COMMERCE AND INSURANCE

DATE: AUGUST 7, 1991

RE: MEDICARE SUPPLEMENT BENEFITS PAID AT REDUCED AMOUNTS

It has come to the attention of the Department of Commerce and Insurance that some insurance companies issuing excess coverage medicare supplement policies are not paying insureds the entire amount stated in the contract.

If a medicare supplement policy has been issued and the terms of the contract state benefits will be paid in excess of Medicares' approved amount full benefits must be paid.

A deluge of complaints have been received by the Department stating that doctors are billing insureds for excess charges after Medicare and their private insurance has paid. The majority of these insureds have excess policy coverage. In some cases the doctors have "overcharged" the patient by Medicare standards. Those doctors should be reported to Equicor (1-800-368-5779) which handles Part B claims in the State of Tennessee.

The majority of complaints however do not concern overcharging by doctors. We have found that insurance companies may be multiplying either 140% or 125% of the Explanation of Benefits (EOB) amount and paying benefits accordingly.

Federal law states that during 1991 doctors may charge up to 140% or 125% of the prevailing charge for nonparticipating physicians. The prevailing charge may in some instances be greater than the usual and customary charge as determined by Medicare. Equicor does monitor doctors in this state and if a particular doctor's usual and customary charge is less than the prevailing charge that doctor will be paid less. The usual and customary charge will be the "approved" amount on an EOB.

Consequently a doctor may charge and collect a fee greater than 140% of the approved amount on the EOB and still be in compliance with Federal Law.

Insurance companies who have issued policies that pay excess charges should be paying benefits up to the terms of the contract.

The Department expects all insurance companies to pay in accordance with the terms of the contracts sold. The Department further expects adjustments on all claims previously paid based on any rate less than the prevailing rate and expects all 1991 claims to be paid to doctors at the prevailing rate.

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